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SUMMARY RECORD OF THE 54th MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.55 p.m.

AGENDA ITEM 132: FINANCING OF THE UNITED NATIONS TRANSITION ASSISTANCE GROUP (continued) (A/45/997 and Corr.1 and A/45/1003)

1. Mr. INOMATA (Japan) said that the unencumbered balance in the United Nations Transition Assistance Group (UNTAG) budget represented one sixth of the total costs incurred in the operation. His delegation urged the Secretariat to establish more accurate cost estimates for future peace-keeping operations so that its appeals to Member States to pay their assessed contributions in full and on time would retain credibility.

2. He agreed with the recommendation of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the unencumbered balance should be credited in relevant amounts to Member States in accordance with the Financial Regulations of the United Nations and applicable practice in that regard. Any savings identified in the performance report (A/45/997, annex VI) should result in a decrease in the original appropriations and in the amounts assessed on Member States. He drew attention to General Assembly resolution 43/230, which provided for the amount of voluntary contributions to be deducted from the total amount to be assessed on Member States. As an example, he noted that there had been a $16.4 million decrease in appropriations in the programme budget for the biennium 1988-1989, reflecting a decrease in requirements for the year 1990.

3. In view of the launching of new peace-keeping operations which required substantial assessments, his delegation proposed that the unencumbered balance of the UNTAG account should be offset against the future assessed contributions of Member States. However, outstanding obligations towards UNTAG should not be waived, despite the conclusion of the operation.

4. With regard to the $3.3 million proposed charge to the Special Account, his Government agreed that, on an exceptional basis, a portion of the unencumbered balance should be used to meet the shortfall in funding for the repatriation of Namibian refugees.

5. Ms. MILLS (Deputy Controller), replying to the questions raised at the previous meeting by the United States representative, said that the information which she was providing related only to UNTAG, and that no two peace-keeping missions were identical.

6. With regard to the "worst case" issue, if "worst case" meant the same thing as "full cost", then that was the correct basis for the preparation of a budget, and it had been used in the case of UNTAG. In view of the recently approved guidelines for voluntary contributions, any such contributions which had been accepted at the time of preparation of a budget estimate for future operations would be given the appropriate treatment.

(Ms. Mills)

7. The surplus in the UNTAG account did not essentially arise from shortcomings in the planning stage, as had been suggested. There had been a number of significant changes in UNTAG components and in the infrastructure arrangements for the mission which could not have been anticipated earlier.

8. First, the budget cost estimates had been prepared on the basis of 4,350 military personnel, including 2,650 infantry and 1,700 logistics personnel. The principal savings had resulted from the fact that the number of military personnel deployed in the air unit had been much lower than the number originally envisaged.

9. Secondly, provision had originally been made for 820 locally recruited personnel at an average annual net salary of approximately $9,000. In the event, by the end of September 1989 only 425 posts had been filled. The salaries paid to locally recruited staff had also been much lower than originally estimated.

10. Thirdly, since UNTAG had been able to use facilities in the Territory which had formerly been occupied by the South African authorities, the amount of new construction needed had been minimal. She noted, however, that none of the accommodation provided by the South African authorities had been treated as a voluntary contribution in kind.

11. Turning to other items in the second performance report, she said that as there had been no agreement on the continued operation of the various airfields, airport facilities and air traffic control systems in the Territory until after the UNTAG operation began, it had been necessary to arrange for the United Nations to carry on those functions after the prescribed withdrawal time.

12. With regard to reimbursement for contingent-owned equipment, the Secretariat had been surprised at the level of two of the claims, which had been higher than anticipated. The amount shown under that heading also included considerable quantities of stores, supplies and other consumable items brought into the mission area by the contingents. While not included in the cost estimates as such, those items appeared under the expense heading as amounts owed to the troop-contributing Governments.

13. Reimbursement was made in the currency in which the claims were submitted. Currency fluctuations between the dates of the first and second performance reports had been taken into account, so that contributing Governments could never receive windfall gains as a result of variations in exchange rates.

14. With regard to the office furniture used by UNTAG, it was clearly stated in document A/45/997, annex V, paragraph 5, that not all of it had been top quality.

(Ms. Mills)

15. No expenditures had been financed from the provision for contingencies. An amount of $1.5 million had been retained to meet unforeseen expenditures for another year.

16. The special audit of the UNTAG operation had been requested by ACABQ in its first report on the programme budget for the 1990-1991 biennium (A/45/7). The Advisory Committee had recommended that the audit report should be available for consideration by the General Assembly at its forty-sixth session.

17. Lastly, ACABQ had been notified in May 1990 of the Secretary-General's proposal to dispose of the right-hand-drive vehicles by donating them to the Government of Namibia, and had provisionally concurred, pending its review of the revised draft agreement. The Secretariat was of the view that it would be dangerous to require mission personnel to operate right-hand-drive vehicles in a left-hand-drive country environment.

18. Mr. KALBITZER (Germany) said that his Government welcomed the successful conclusion of the UNTAG operation. It had gladly provided vehicles to the mission, and agreed that they should be turned over to the Namibian Government. The disposition of UNTAG equipment had been carried out in accordance with United Nations rules and the will of Member States. He concurred with the ACABQ recommendation that the question of the repatriation of Namibian refugees by the Office of the United Nations High Commissioner for Refugees (UNHCR) should be deferred to the forty-sixth session.

19. Mr. MICHALSKI (United States of America), referring to the statement made by the Deputy Controller, said that his delegation's point concerning UNTAG furniture was that the United Nations should not in any case purchase top-quality items. With regard to the provision for death and disability benefits, he wondered why the United Nations had not fixed a ceiling on such claims for field missions as it had at Headquarters. With regard to the repatriation programme, it had come to his attention that some of the returning Namibian refugees had been permitted to fly business class, and he wished to know the policy of UNHCR concerning the standard of travel.

20. Mr. MERIFIELD (Canada) asked whether the unencumbered balance represented funds which were tied to the UNTAG account or whether it formed part of general resources.

21. Ms. MILLS (Deputy Controller), replying to the United States representative, said that it would be necessary to consult UNHCR with regard to the standard of travel. Replying to the representative of Canada, she said that as the Financial Regulations of the United Nations required separate accounts for each peace-keeping operation, the funds in the UNTAG Special Account were available only for expenses relating to that mission.

22. Mr. DANKWA (Ghana) said that, while his delegation agreed that efforts should be made to ensure that budget estimates more closely approximated actual expenditures, it might not be appropriate to examine the UNTAG operation from a strictly technical point of view. At the time of preparation of the budget estimates, the level of voluntary contributions could not have been foreseen. Furthermore, the question of contributions by the South African Government had been politically sensitive because of the uncertainty surrounding the Government's intentions. The repatriation programme had also been governed by political considerations, namely, the holding of elections in Namibia. In view of time constraints, he could see why it had been necessary for Namibian exiles to fly business class.

23. In his view, the unencumbered balance should not be returned to Member States, but should instead be used to decrease the amount of assessed contributions to future peace-keeping operations. Furthermore, the fact that a surplus had been achieved should not release Member States from their outstanding obligations. He also supported the proposal to use part of the unencumbered balance to meet the shortfall in funding for the repatriation programme.

24. Mr. MICHALSKI (United States of America) said that he still failed to see the connection between the urgency of repatriating Namibian refugees and their being afforded a higher standard of travel.

25. His country was not in a position to pay contributions to a concluded operation. In his estimate, the United Nations owed the United States at least $2 million from the unencumbered balance.

26. Mr. CONMY (Ireland) said that the key point in financing peace-keeping operations was that each Member State had an obligation under Article 17, paragraph 2, of the Charter to pay its assessments, whether that State was rich or poor.

27. Mr. MICHALSKI (United States of America), replying to the statement by the representative of Ghana concerning repatriation, said that various delegations had been criticized for making political statements in what was, after all, a technical committee. In response to the representative of Ireland, he did not recall that that country had, in the early 1960s, reminded certain other States of their Charter obligations when they had failed to pay their assessed contributions.

28. Mr. DANKWA (Ghana) said he had not inferred that the repatriation of Namibian refugees was not a technical issue, but simply that it could not be separated from the political realities of the situation.

29. Mr. KINCHEN (United Kingdom) asked whether the Deputy Controller could confirm that there were precedents for the Secretary-General to borrow funds internally between accounts to meet shortfalls. Governments which had contributed promptly and in full had some rights to the unencumbered balance, but in the light of need and unforeseen obligations, perhaps ACABQ had found the right balance regarding those funds.

30. Ms. MILLS (Deputy Controller) said that there were, indeed, precedents for internal borrowing, but their basis in law was questionable. In his reports on the financial emergency, the Secretary-General had indicated that he had borrowed from peace-keeping accounts to meet regular budget obligations, but only on a very short-term basis.

31. Mr. MERIFIELD (Canada) said that every effort should be made to find a solution, so that the remaining UNTAG funds could be liquidated as soon as possible and put to use by the United Nations. The original resolution establishing UNTAG had certainly intended repatriation of the refugees to be charged to assessed contributions. His delegation supported the Secretary-General's recommendation on that issue and also the suggestion that the matter should be discussed at the forty-sixth session of the General Assembly.

32. Mr. MICHALSKI (United States of America) speculated whether the Secretary-General's decision to provide a subsidy to UNHCR would have a negative impact on voluntary contributions.

AGENDA ITEM 156: FINANCING OF THE ACTIVITIES ARISING FROM SECURITY COUNCIL RESOLUTION 687 (1991) (continued)

(a) UNITED NATIONS IRAQ-KUWAIT OBSERVATION MISSION (continued) (A/45/240/Add.1 and A/45/1005)

33. Mr. TANG Guangting (China) said that his delegation supported the establishment of the United Nations Iraq-Kuwait Observation Mission (UNIKOM), and hoped that it would play a positive role in restoring peace and security to the Gulf region and in healing the wounds of war. The results of the UNTAG operation showed that savings were possible, and his delegation hoped that the Secretary-General would weigh all factors fully in order to arrive at more accurate cost estimates.

34. His delegation supported the ACABQ proposals in paragraphs 7-19 of document A/45/1005. Due to time constraints, many uncertainties remained with regard to cost estimates and there was much room for further reductions. It also supported the recommendation that, should the Security Council decide to continue the operation for a second six-month period, the corresponding budget estimates should be submitted to the forty-sixth session of the General Assembly. He requested clarification as to whether the subsistence allowance for logistical support staff would be paid in addition to the reimbursement made to their Governments.

35. Mr. MICHALSKI (United States of America) said that his delegation supported the recommended funding level of $60.9 million for UNIKOM's initial mandate. A substantial portion of the recommended savings resulted from modifications in the assumptions on which the Secretary-General's initial budget estimates had been based, in particular, voluntary contributions in kind and the use of existing equipment stocks.

36. The ACABQ report indicated that the initial budget estimates had assumed full deployment of military observers, international and locally recruited staff by early April, which had proved to be overly optimistic. The recommended reduction took that delay into account. Host Governments had agreed to provide office space, and the Secretary-General was urged to pursue the matter of the provision of housing also.

37. His delegation concurred with the ACABQ observations regarding possible savings through more cost-effective means of patrolling. Initial estimates had not accounted for the transfer of vehicles from UNIIMOG upon completion of that operation, and the projected size of the UNIKOM vehicle fleet might be too large. His delegation had always questioned whether amounts budgeted for office equipment might be excessive, and strongly supported the Advisory Committee's observations in that regard in paragraph 18 of document A/45/1005.

38. With regard to the detailed estimates provided in annex II to the Secretary-General's report (A/45/240/Add.1), the amount budgeted for transportation appeared high. Furthermore, the size of the civilian staffing component should be kept under close review and reduced, if possible, in the next mandate. He requested information regarding the number of posts to be assigned to United Nations Headquarters and the number of such support posts to be financed from UNIKOM resources.

39. Mr. RAZVIN (Union of Soviet Socialist Republics) said that while the new peace-keeping operation had great political significance, its political aspects should not affect its efficiency. It was the Fifth Committee's job to ensure reasonable financing. The proposed budget included many items that might prove unnecessary, and his delegation questioned the advisability of the high level of technical equipment. It was important to reduce costs to the minimum by making maximum use of facilities available from other operations, such as transportation and communications equipment from UNIIMOG, and materials stored at the Pisa supply depot. His delegation supported the ACABQ recommendations regarding the overall budget amount, which would not be prejudicial to the efficiency of the operation but, rather, would ensure its healthy financial functioning.

The meeting rose at 5 p.m.